

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7022**

**BILL NUMBER:** HB 1764

**NOTE PREPARED:** Feb 8, 2005

**BILL AMENDED:**

**SUBJECT:** Taxable Marine Facility.

**FIRST AUTHOR:** Rep. Hoffman

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**      GENERAL  
**X** DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill extends the definition of "taxable marine facility" for purposes of Motor Fuel Taxes to facilities located on any body of water under the state's jurisdiction. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** Changing the definition of "taxable marine facility" will mean additional marine facilities will be included in the collection of the \$0.18 per gallon Marine Fuel Tax. Revenue from the Marine Fuel Tax is deposited into the Fish and Wildlife Fund of the Department of Natural Resources.

The Department of State Revenue (DOR) reports that currently there are 46 taxpayers who have applied for and received exemption permits for gasoline tax/marine fuel. The DOR does not collect gallonage data or information from the exempted marinas. The DOR says that the exempted marine facilities are located on the Ohio River and Lake Michigan.

The Federal Highway Administration (FHWA) reports that in CY 2003, there were approximately 14.7 M gallons of gasoline consumed as marine fuel in Indiana. The DOR reports that on average approximately 400,000 gallons of gasoline are already taxed as marine fuel. This leaves about 13.8 M gallons which are not currently taxed. This could result in up to \$2.5 M annually in additional revenue that would be distributed to the Fish and Wildlife Fund. [Note: To the extent that the FHWA data on marine consumption reflects gasoline

sold from highway pumps but used for boats, the estimated revenue will already be collected and distributed for highways. Tax collection and distribution based on these gallons will not be affected by this bill, and the additional revenue estimated for distribution to the Fish and Wildlife Fund will be reduced. For example, if only 20% of the marine fuel currently consumed in Indiana represents previously untaxed fuel, then the new revenue to the Fish and Wildlife Fund would be \$0.5 M.]

*Background Information on the Fish and Wildlife Fund.* Revenue from the Marine Fuel Tax has averaged approximately \$84,000 per year over the last five fiscal years. Money in the Fish and Wildlife Fund is used for paying the operating expenses of the Divisions of Law Enforcement and Fish and Wildlife, and for protecting and propagating game, fish, and birds in Indiana. Monies deposited in the fund attributable to distribution of court fees shall be used for the Turn in a Poacher Program and the reward system established under the program. Monies deposited in the fund attributable to the transfer from the Lifetime License Trust Fund shall be used for maintaining the automated point-of-sale licensing system.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue; Department of Natural Resources.

**Local Agencies Affected:**

**Information Sources:** Auditor of State Revenue Trial Balance for FY 2000-2004; Matthew M. Hopper, Deputy Director Department of Natural Resources, 317-233-6904; Linda Dollens, Administrator, Returns Processing Center, Department of State Revenue, 317-615-2501.

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